



26 June 2025

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Investment Idea

Critical Holdings Bhd

Surfing the Tech Wave

By Crystal Chin

Critical Holdings Bhd (CHB: 0291) is an engineering solutions provider specialising in mechanical, electrical, and process (MEP) utilities for critical infrastructure, including data centres, plantroom MEP, cleanroom & process utilities. Its clientele comprises of multinational corporations, telcos, and Tier-1 contractors such as IJM. We project core net profit of RM31.4m in FY6/25F and RM34.4m in FY6/26F. BUY with a target price of RM1.48, based on PE of 16x, in line with regional peers.

CHB's 3QFY6/25 core net profit quadrupled to RM10.1m YoY, driven by higher contributions from the MEP plantroom and cleanroom segments. Going forward, we expect positive earnings momentum to sustain potentially pushing FY25 earnings to record high.

As of March 2025, CHB has an orderbook of approximately RM282m hence providing earnings visibility until FY26. Key projects including the RM208m semiconductor jobs that are progressing as scheduled. The M&E job in Pasir Gudang is on track with approximately 90% completion YTD and full handover by July this year. Other major works with IJM and the Super Centre Factory are also proceeding as scheduled.

The company is actively expanding its workforce to support a robust RM1.0bn tender book, split 60:40 between semiconductor and data centre segments. Additionally, CHB is preparing for a leap to the Main Market by July 2025 that will enhance its corporate visibility and attract broader institutional participation.

Despite ongoing geopolitical uncertainties, CHB is strategically positioned to capitalise on emerging opportunities across the medical, electric vehicle (EV), and data centre sectors, particularly in the Central and Southern regions domestically, where infrastructure developments are gaining momentum. The recent opening of CHB's new Johor office in December 2024 underscores its commitment to expand its presence in Peninsular Malaysia, placing the company at the heart of a burgeoning cluster of hyperscale data centre and semiconductor activities.

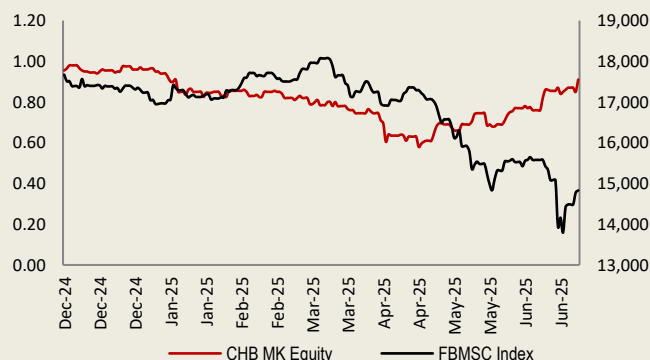
Investors' interests are surging in Johor's industrial parks, with potential new plant launches expected by year-end. Meanwhile, strong activity in Batu Kawan and Kulim reinforces Malaysia's semiconductor supply chain ambitions. CHB aims to position itself to tap into future demand from AI and chip design-related investments, in line with national strategies to attract high-tech industries.

From a financial standpoint, CHB maintains a strong balance sheet with a net cash position, providing ample headroom to optimise capital efficiency. We expect this to be sustained, supporting scalable growth.

Our BUY call on CHB is premised on: (i) strong exposure to mission-critical semiconductor and data-centre infrastructure, (ii) strong remaining orderbook with good earnings visibility, and (iii) upcoming transfer listing to the Main Market in July 2025.

**BUY**

Price: RM0.92
Target price: RM1.48



KLCI	1,519.79
YTD FBM KLCI change	-7.5%
YTD FBM SC Index change	-15.4%
YTD stock price change	-4.7%

Stock Information

Market Cap (RMm)	340.1
Issued Shares (m)	371.7
52-week range (H)	1.14
52-week range (L)	0.58
Shariah Compliant	Yes

Major Shareholders

TCCO Holdings SB	70.0%
KAF Investment Funds	3.9%
Kenanga Trust Manage	2.3%

Summary Earnings Table

FY June (RM'm)	2024A	2025F	2026F	2027F
Revenue	268.3	304.2	355.2	414.8
EBIT	28.8	47.1	51.4	60.1
Pretax profit	29.4	47.8	52.3	61.0
Net profit	19.3	31.4	34.4	40.1
Core net profit	19.3	31.4	34.4	40.1
Consensus	-	-	-	-
Core EPS (sen)	5.2	8.5	9.2	10.8
EPS growth (%)	101%	63%	9%	17%
DPS (sen)	-	-	-	-
PER (x)	17.6	10.8	9.9	8.5
BV/Share (RM)	0.26	0.35	0.46	0.46
ROE (%)	14.5%	23.6%	27.4%	22.6%
Div. Yield (%)	-	-	-	-

Sources: Company, Rakuten Trade Research



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COMPANY	Definition
Buy	The stock return is expected to exceed the KLCI benchmark by more than 10% over the next 6-12 months.
Trading Buy	Short-term positive development on the stock that could lead to a re-rating in the share price and translate into an absolute return of 10% over the next 3-6 months. Trading Buy is generally for investors who are willing to take on higher risks.
Take profit	The stock return previously recommended has gained by >10%
Hold	The stock return is expected to be in line with the KLCI benchmark (+/- 5%) over the next 6-12 months.
Sell	The stock return is expected to underperform the KLCI benchmark by more than 10% over the next 6-12 months.
SECTOR	
Overweight	Industry expected to outperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Neutral	Industry expected to perform in-line with the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Underweight	Industry expected to underperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.

Scoring model:

The in-house scoring model is derived from Rakuten Trade Research valuation matrix based on earnings growth, earnings visibility, business model, valuation, balance sheet, technical analysis, and shareholder value creation. Each parameter is given a specific weighting.

All buy calls are based on the research team's judgement. Investing is risky and trading is at your own risk. We advise investors to:

- read and understand the contents of the disclosure document or any relevant agreement or contract before investing;
- understand the risks involved in relation to the product or service;
- compare and consider the fees, charges and costs involved; and
- make your own risk assessment and seek professional advice, where necessary.

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